

Message Text

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E.O. 11652: N/A

TAGS: BRA, EIND

SUBJ: MATERIAL SYSTEMS CORPORATION INVESTMENT IN SENEGAL.

REF: STATE 120107

1. ELI JACOBS AND ROBERT VALTZ, OFFICERS OF MATERIAL SYSTEMS CORPORATION (MSC) CALLED AT EMBASSY MAY 28 TO DISCUSS INVESTMENT PROJECT IN SENEGAL IN WHICH MSC PARTICIPATING. PROJECT CONSISTS OF CONSTRUCTION OF FACTORY IN SENEGALESE FREE TRADE AREA WHICH WOULD PRODUCE COMPONENTS OF MATERIAL SIMILAR TO FIBER GLASS TO BE USED PRIMARILY IN CONSTRUCTION OF INTERIOR AND EXTERIOR WALLS FOR LOW COST HOUSING. CONSTRUCTION MATERIAL TO BE MANUFACTURED WOULD BE COMPOSED OF GLASS FIBER, POLYESTER RESIN AND INORGANIC MATERIAL, MOSTLY LIMESTONE. COMPANY TO BE CALLED MATERIEL SYNTHESE DE DAKAR. COMPANY WILL BE OWNED BY MSC (40 0/0), A FRENCH COMPANY CONTROLLED BY FRENCH ARCHITECT ASCHER (40 0/0), AN ARAB INVESTOR BY NAME OF KOSHOGSA YLOUGH TRIAD HOLDING COMPANY (8 0/0) GOS (8 0/0) AND OTHERS (4 0/0). EQUITY CAPITAL OF \$1.5 MILLION TO BE SUPPLEMENTED BY LOAN CAPITAL OF \$6 MILLION PROVIDED IN EURODOLLARS BY CONSORTIUM OF AMERICAN, FRENCH AND ARAB BANKS.

2. AT FIRST, ANNUAL PRODUCTION OF ABOUT \$3 TO \$4 MILLION WILL BE EXPORTED TO FRANCE. HOPE IS LATER TO DEVELOP MARKET IN SENEGAL AND WEST AFRICA. FINAL AGREEMENT ON
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FORMATION OF COMPANY TO BE SIGNED FIRST WEEK OF JUNE WITH

CONSTRUCTION TO START WITHIN TWO WEEKS. VALTZ SAID HE HOPED PRODUCTION WOULD BEGIN IN SEPTEMBER.

3. SENEGAL WAS CHOSEN AS SITE OF INVESTMENT BECAUSE GOS AGREED TO GUARANTEE LOAN CAPITAL OF PROJECT AND BECAUSE IT HAS OFFERED 25 YEAR TAX EXEMPTION. ACCORDING VALTZ, SENEGALESE WERE EAGER OBTAIN THIS HIGH TECHNOLOGY INVESTMENT FOR REASONS PRESTIGE AND FOR MARKET POTENTION IN FRANCE

AND WEST AFRICA. IN ADDITION, HE SAID, SENEGAL BADLY NEEDS NEW INVESTMENT IN INDUSTRIES WHICH WOULD SET UP WITHIN INDUSTRIAL FREE TRADE ZONE AND PORT PROJECT GOVERNMENT IS CURRENTLY DEVELOPING.

4. CHARGE OFFERED MISSION'S ASSISTANCE TO JACOBS AND VALTZ. TWO BUSINESSMEN SAID, HOWEVER, THAT EVERYTHING HAD GONE SMOOTHLY SO FAR AND NO ASSISTANCE REQUIRED. VALTZ REQUESTED THAT INFORMATION ON OWNERSHIP AND FINANCING OF MATERIAL SYNTHESE DE DJKAR BE KEPT CONFIDENTIAL UNTIL ANNOUNCED PUBLICLY.
AGGREY

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